

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6502

BILL NUMBER: SB 315

NOTE PREPARED: Dec 29, 2013

BILL AMENDED:

SUBJECT: Minimum Wage.

FIRST AUTHOR: Sen. Mrvan

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill after June 30, 2014, increases the state minimum wage from \$7.25 to \$8.50. It also after June 30, 2015, increases the state minimum wage from \$8.50 to \$10.

Effective Date: July 1, 2014.

Explanation of State Expenditures: According to information provided by the Indiana State Personnel Department, only a very small number of state employees will be affected by the bill. In fact, it appears that seasonal employees working at state parks will be most affected. In 2013, there were roughly 1,300 state employees during the summer months who earned between \$7.25 and \$10.00 per hour. The overwhelming majority of these employees were seasonal/intermittent employees and part-time employees. A rough estimate using point-in-time staffing data indicates the increase will cost the state approximately \$0.4 M in increased wages in FY 2015 and \$1.4 M in each fiscal year thereafter. However, the total additional cost to the state from the required increase to the salaries of future seasonal hourly employees will depend upon the number of seasonal employees hired in the future, the length of their seasonal employment, as well as their average weekly hours.

The bill may also affect private organizations that do business with the state and that employ individuals who earn less than \$10.00 per hour on their payroll. Requiring those organizations to increase wages to those employees may increase their costs, thereby increasing contract costs for the state. Those potential increases are indeterminate at this time.

Explanation of State Revenues:

Explanation of Local Expenditures: Bureau of Labor Statistics data indicates that 2.6% of minimum wage employees are employees of local government units. That would indicate that roughly 1,300 of the 50,000 minimum wage earners in Indiana are employed by local units. It is unknown how many employees of local units earn between \$7.25 and \$10.00 per hour. Local units of government will be required to increase the hourly wages of those employees to \$8.50 in FY 2015 and \$10.00 thereafter. Looking at minimum wage employees only, local governments statewide would be required to pay an additional estimated \$2.0 M in wages in FY 2015 and \$4.5 M in for each year thereafter.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: U.S. Department of Labor, Wage and Hour Division, www.dol.gov/whd/minwage/america.htm (Accessed 11/5/13); Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey (2012); Keith Beesley, Indiana State Personnel Department, kbeesley@spd.in.gov.

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